

SENATE BILL NO. 58

INTRODUCED BY BARKUS

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STATUTES GOVERNING PUBLIC BOND ISSUES FOR THE PURPOSE OF ELIMINATING OBSOLETE PROVISIONS AND PROVIDING ADDITIONAL FLEXIBILITY; REPEALING SPECIAL PROVISIONS GOVERNING LONG-RANGE BUILDING PROGRAM BONDS AND EMPLOYMENT SECURITY BUILDING BONDS; AMENDING SECTIONS 17-5-302, 17-5-304, 17-5-802, 17-5-803, 17-5-805, AND 18-2-101, MCA; REPEALING SECTIONS 17-5-401, 17-5-402, 17-5-403, 17-5-404, 17-5-407, 17-5-408, 17-5-409, 17-5-410, 17-5-411, 17-5-412, 17-5-413, 17-5-414, 17-5-415, 17-5-416, 17-5-417, 17-5-421, 17-5-423, 17-5-424, 17-5-425, 17-5-426, 17-5-430, 17-5-431, 17-5-432, 17-5-433, 17-5-601, 17-5-602, 17-5-603, 17-5-604, 17-5-605, 17-5-606, 17-5-607, 17-5-608, 17-5-609, 17-5-610, 17-5-611, 17-5-612, 17-5-613, 17-5-614, 17-5-615, 17-5-616, 17-5-617, 17-5-618, 17-5-619, AND 17-5-620, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-5-302, MCA, is amended to read:

"17-5-302. Character of bonds --~~amortization or serial.~~ ~~(1) All refunding bonds or debentures issued by the board of examiners under the provisions of this part shall be either amortization bonds, as defined by the statutes of the state, or serial bonds. Each issue of refunding bonds or debentures shall bear upon their face such statement as may be necessary to show that they are refunding bonds or debentures and the bonds or debentures which are issued to refund. Each bond and debenture shall bear the signature of each member of the board of examiners and shall have affixed thereto the great seal of the state of Montana. Each serial bond thereof shall have coupons attached thereto showing the semiannual payments due thereon, which coupons shall bear the signature of each member of the board of examiners.~~

~~(2)(1)~~ The board of examiners shall prescribe all ~~other~~ details for the form, notice, and time of sale of the bonds or debentures.

~~(3)(2)~~ They shall The bonds or debentures must be registered in the office of the state treasurer in a book to be provided for that purpose."

1
2 **Section 2.** Section 17-5-304, MCA, is amended to read:

3 **"17-5-304. Cost and expense of refunding.** The board of examiners may ~~require the purchaser to bear~~
4 ~~pay the cost and expense of refunding any issue of bonds or debentures in connection with the bid submitted;~~
5 ~~or the cost and expense may to be paid out of the sinking and interest fund when there is money in such from~~
6 ~~the proceeds of the bonds or from the general fund. The balance remaining in such sinking and interest fund~~
7 ~~shall be transferred in accordance with the provisions under which the refunded bonds were issued or as~~
8 ~~otherwise provided by law."~~

9
10 **Section 3.** Section 17-5-802, MCA, is amended to read:

11 **"17-5-802. Authority to issue general obligation bonds and notes.** (1) When authorized by and
12 within the limits of a bond act and as provided in this part, the board may issue and sell bonds of the state in
13 ~~such the manner as that~~ it considers necessary and proper to provide funds for the purpose set forth in the bond
14 act.

15 (2) The full faith and credit and taxing powers of the state must be pledged for the payment of all bonds
16 and notes issued pursuant to this part, with all interest ~~thereon~~ on the bonds and notes and premiums payable
17 upon the redemption ~~thereof~~ of the bonds and notes. All principal, interest, and redemption premium, if any,
18 becoming due during a fiscal year must be included in the state budget for ~~such that fiscal~~ year, and sufficient
19 ~~revenues revenue~~ must be appropriated for the payment thereof of principal, interest, and redemption premiums
20 from the general fund and, if the general fund is not sufficient, from any other funds of the state legally available
21 for the payment thereof of principal, interest, and redemption premiums. ~~No bonds~~ Bonds may not be issued
22 to cover deficits incurred because appropriations exceeded anticipated revenue. Money transferred for the
23 payment of bonds and notes must be deposited in the debt service account.

24 ~~(3) No additional long-range building bonds may be issued under Title 17, chapter 5, part 4."~~

25
26 **Section 4.** Section 17-5-803, MCA, is amended to read:

27 **"17-5-803. Form -- principal and interest -- fiscal agent -- bond registrar and transfer agent --**
28 **deposit of proceeds.** (1) ~~It~~ Subject to the limitations contained in this part and in the bond act and in the
29 furtherance of each bond act, bonds may be issued by the board upon request of the department. The bonds
30 may be issued in such the denominations and form, whether payable to bearer or registered as to principal or

1 both principal and interest, with ~~such~~ provisions for conversion or exchange, and for the issuance of temporary
2 bonds bearing interest at ~~such a~~ rate or rates, maturing at ~~such~~ times not exceeding 30 years from date of issue,
3 subject to redemption at ~~such~~ earlier times and prices and on ~~such~~ notice, and payable at the office of ~~such~~ the
4 fiscal agency of the state as the board ~~shall determine~~ determines, ~~subject to the limitations contained in this~~
5 ~~part and in the bond act.~~

6 (2) In all other respects, the board is authorized to prescribe the form and terms of the bonds and do
7 whatever is lawful and necessary for their issuance and payment. ~~Bonds and any interest coupons appurtenant~~
8 ~~thereto must be signed by the members of the board, and the bonds must be issued under the great seal of the~~
9 ~~state of Montana. The bonds and coupons may be executed with facsimile signatures and seal in the manner~~
10 ~~and subject to the limitations prescribed by law.~~ Action taken by the board under this part must be by a majority
11 vote of its members. The state treasurer shall keep a record of all ~~such~~ bonds issued and sold.

12 (3) The board is authorized to employ a fiscal agent and a bond registrar and transfer agent to assist
13 in the performance of its duties under this part.

14 (4) The board, in its discretion, is authorized to pay all costs of issuance of bonds, including without
15 limitation rating agency fees, printing costs, legal fees, bank or trust company fees, costs to employ persons or
16 firms to assist in the sale of the bonds, line of credit fees and charges, and all other amounts related to the costs
17 of issuing the bonds from amounts available ~~therefor~~ for these purposes in the general fund or from the proceeds
18 of the bonds, ~~in the discretion of the board.~~

19 (5) All proceeds of bonds and notes issued under this part must be deposited in the capital projects
20 account, except that any premiums and accrued interest received and the proceeds of refunding bonds or notes
21 must be deposited in the debt service account."

22
23 **SECTION 5. SECTION 17-5-805, MCA, IS AMENDED TO READ:**

24 **"17-5-805. Bond anticipation notes -- when issued -- payment of principal and interest.** (1) When
25 the board has been authorized to issue and sell bonds under this part, it may, pending the issuance of the bonds,
26 issue in the name of the state temporary notes in anticipation of the money to be derived from the sale of the
27 bonds. The notes must be designated as "bond anticipation notes". The proceeds of the sale of the bond
28 anticipation notes may be used only for the purposes for which the proceeds of the bonds could be used,
29 including costs of issuance. If, prior to the issuance of the bonds, it becomes necessary to redeem outstanding
30 notes, additional bond anticipation notes may be issued to redeem the outstanding notes. No renewal of any

1 note may be issued after the sale of bonds in anticipation of which the original notes were issued.

2 (2) Bond anticipation notes or other short-term evidences of indebtedness maturing not more than 4
3 ~~year~~ 3 years after the date of issue may be issued from time to time as the proceeds ~~thereof~~ are needed. ~~Such~~
4 The notes must be authorized by the board and must have ~~such~~ terms and details ~~as that~~ may be provided by
5 resolution of the board. However, each resolution of the board authorizing notes must:

6 (a) describe the need for the proceeds of the notes to be issued; and

7 (b) specify:

8 (i) the principal amount of the notes or maximum principal amount of the notes that may be outstanding
9 at any one time;

10 (ii) the rate or rates of interest, the maximum rate of interest, or the interest rate formula (to be
11 determined in the manner specified in the resolution authorizing the notes) to be incurred through the issuance
12 of ~~such the~~ notes; and

13 (iii) the maturity date or maximum maturity date of the notes.

14 (3) Subject to the limitations contained in this section and the standards and limitations prescribed in
15 the authorizing resolution, the board in its discretion may provide for the notes described in subsection (2) to be
16 issued and sold, in whole or in part, from time to time, and may delegate to the state treasurer the power to
17 determine the time or times of sale, the manner of sale, the amounts, the maturities, the rate or rates of interest,
18 and ~~such~~ other terms and details of the notes ~~as that~~ may be considered appropriate by the board, or the state
19 treasurer in the event of ~~such a~~ delegation. The board in its discretion, but subject to the limitations contained
20 in this section, may also provide in the resolution authorizing the issuance of notes for:

21 (a) the employment of one or more persons or firms to assist the board in the sale of the notes;

22 (b) the appointment of one or more banks or trust companies, either in or outside of the state, as
23 depository for safekeeping and as agent for the delivery and payment of the notes;

24 (c) the refunding of the notes, from time to time, without further action by the board, unless ~~and until~~ the
25 board revokes ~~such the~~ authority to refund; and

26 (d) such other terms and conditions ~~as that~~ the board may consider appropriate.

27 (4) In connection with the issuance and sale of notes as provided in this section, the board may arrange
28 for lines of credit with any bank, firm, or person for the purpose of providing an additional source of repayment
29 for notes issued pursuant to this section. Amounts drawn on ~~such~~ lines of credit may be evidenced by negotiable
30 or nonnegotiable notes or other evidences of indebtedness, containing ~~such~~ terms and conditions ~~as that~~ the

board may authorize in the resolution approving them."

Section 6. Section 18-2-101, MCA, is amended to read:

"18-2-101. Definitions of building, costs, and construction. In part 1 of this chapter, with the exception of 18-2-104, 18-2-107, 18-2-113, 18-2-114, 18-2-122, and 18-2-123:

(1) "building" includes a building, facility, or structure:

(a) constructed or purchased wholly or in part with state money;

(b) at a state institution;

(c) owned or to be owned by a state agency, including the department of transportation; or

(d) constructed for the use or benefit of the state with federal or private money as provided in 18-2-102(2)(d);

(2) "building" does not include a building, facility, or structure:

(a) owned or to be owned by a county, city, town, school district, or special improvement district;

(b) used as a component part of an environmental remediation or abandoned mine land reclamation project, a highway, or a water conservation project, unless the building will require a continuing state general fund financial obligation after the environmental remediation or abandoned mine land reclamation project is completed; or

(c) leased or to be leased by a state agency;

(3) "construction" includes the construction, alteration, repair, maintenance, and remodeling of a building and the equipping and furnishing of a building during construction, alteration, repair, maintenance, and remodeling;

(4) "costs" means those expenses defined in ~~17-5-401 and~~ 17-5-801."

NEW SECTION. Section 7. Repealer. Sections 17-5-401, 17-5-402, 17-5-403, 17-5-404, 17-5-407, 17-5-408, 17-5-409, 17-5-410, 17-5-411, 17-5-412, 17-5-413, 17-5-414, 17-5-415, 17-5-416, 17-5-417, 17-5-421, 17-5-423, 17-5-424, 17-5-425, 17-5-426, 17-5-430, 17-5-431, 17-5-432, 17-5-433, 17-5-601, 17-5-602, 17-5-603, 17-5-604, 17-5-605, 17-5-606, 17-5-607, 17-5-608, 17-5-609, 17-5-610, 17-5-611, 17-5-612, 17-5-613, 17-5-614, 17-5-615, 17-5-616, 17-5-617, 17-5-618, 17-5-619, and 17-5-620, MCA, are repealed.

NEW SECTION. Section 8. Saving clause. [This act] does not affect rights and duties that matured,

1 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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3 NEW SECTION. **Section 9. Effective date.** [This act] is effective on passage and approval.

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